

Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd.








Mission Statement

To systematically and cost effectively manufacture and supply consistently high quality products and services thus achieving customer satisfaction profitably and thereby ensuring the financial well being of the company and maximum returns to the shareholders.

Corporate Strategy

Retain market share leadership through quality and price competitiveness while creating value as a low cost producer.

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COMPANY INFORMATION

BOARD OF DIRECTORS:

Mr. Hussain Jamil	Chairman/Chief Executive Officer
Mr. Ahsan Jamil	
Mr. Shahid Jamil	
Mrs. Deborah Jamil	
Mrs. Ayesha Khan	
Syed Sohail Raza Zaidi	
Mr. Asad Ali Sheikh	

AUDIT COMMITTEE:

Mr. Ahsan Jamil	Chairman	Non-Executive Director
Mrs. Ayesha Khan	Member	Non-Executive Director
Mr. Shahid Jamil	Member	Non-Executive Director

CHIEF FINANCIAL OFFICER:

Mr. Ashfaq Abdul Gaffar	FCA
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COMPANY SECRETARY:

Mr. Muhammed Ali Adil

BANKERS:

Askari Bank Limited
Habib Bank Limited
Allied Bank Limited
J.S. Bank Limited
National Bank Limited

AUDITORS:

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR:

M/s. Ebrahim Hosain	Advocate & Corporate Council
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FACTORY:

1. Plot No. 112-113, Phase V, Industrial Estate Hattar, District Haripur, N.W.F.P., Tel: (0995) 617682-3, Fax: (0995) 617074
Email: plant_h@ecopack.com.pk
2. Inside Haideri Beverages (Pvt.) Ltd. Kahuta Triangle Estate Islamabad
Phone: 051-5384566

REGISTERED & CORPORATE OFFICE:

Suite # 206, 2nd Floor, The Plaza, K.D.A. Scheme # 5, Kehkashan,
Clifton Block-9, Karachi.
Phone: (021) 5361231-6 Fax: (021) 5361242
Email: headoffice@ecopack.com.pk

REGISTRAR OFFICE:

Technology Trade (Pvt) Ltd.
241-C, Dagia House Block-2, P.E.C.H.S., Karachi.
Tel : (021) 4391316-7 Fax : (021) 4391318

DIRECTORS' REPORT

The board of directors of Ecopack Limited is pleased to present its report for the nine month period ended 31st March, 2009.

Overview

The environment for business in the last 9 months to March 2009 has been increasingly difficult with variables such as inflation, financial charges (KIBOR) and the law and order situation in the country, impeding your company's bid to revert to profitability. The recent gradual reduction in KIBOR will have its impact on the company's profitability in the next quarter.

The much awaited start of the spring/summer season from March 2009 was adversely impacted by the build-up to the anticipated show-down between the Government and the opposition political parties over the lawyers' long march on the capital city Islamabad. Mercifully the 'clash' was averted at the last moment but only after hundreds of containers and vehicles were confiscated by the local police authorities to set-up barricades & barriers to prevent traffic & vehicles entering Islamabad and nearby areas. A good start to an important month for summer sales suddenly came to a grinding halt as, neither supplies of goods, nor raw material, could be made to & from our plants in Hattar & Islamabad during this whole week.

The unexpected but justifiable decision by cola giants Coke & Pepsi to increase the retail price of their beverages by almost 20%, to adjust for inflation, also temporarily slowed growth early in the season.

Sales & Financial Highlights

Your Company's sales in value terms increased only marginally in this 9 month period compared to the corresponding period of the prior year. Higher raw material prices, mainly PET resin driven by higher oil prices, particularly during the first and second quarter of the current financial year, continued to impact profitability in the subsequent quarters, as substantial procurement of the material was made in the earlier quarters of the current financial year, for sale in the main season of the business, which mainly falls in the fourth quarter. PET resin prices started to come down in October/November and continued to do so until February 2009, adversely affecting the selling prices of our products due to cost pass through. The situation negatively affected the gross profit margin which came down to 8.7% as compared to 11.8% in the corresponding period. Another negative factor on the profitability of the company was the substantial rise in the Financial Charges of the company. These charges increased to Rupees 149 million during the nine month period, as compared to Rupees 102 million in the previous years' corresponding period registering a rise of 46%. This was mainly due to the continued rise of KIBOR in the current period and was exacerbated by the company's effort to build up preform & bottle stocks during the off winter season for sales in summer.

Manufacturers of Quality PET Bottles and Preforms



Although the third quarter is a traditional loss period for the company on the back of two successive winter quarters, the cumulative loss for the nine month period increased to Rs.123 Million over the loss of Rs.40 Million in the prior year 9 month comparative period.

The importance of stock & inventory management for both raw materials and finished goods resulting in markedly lower financial cost has become a key focus area to bring the company back to financial health.

Outlook

As your company enters the last quarter of the financial year falling in the peak summer months of April to June, a strong bid is being made to recover a large part of the losses made to-date this year. Price adjustments of all sizes of preforms & bottles have been made across the entire spectrum of customers to compensate for cost impact due to inflation. If sales targets for the last quarter are achieved, this would result in substantial increases in the Gross and Operating profit of the company. This will also auger a considerable shift to profitability for the company going ahead, after two difficult years, which saw profits decline due to a continually rising inflationary costs. The anticipated decrease in bank mark-up rates is expected to further augment your company's profitability in the near future.

Management Employee Relations

Cost cutting and improvements in productivity remain the main focus of your company's management at all levels.

For and on Behalf of the Board of Directors

Hussain Jamil
Chief Executive Officer

CONDENSED BALANCE SHEET AS AT MARCH 31ST, 2009

	Note	Un-Audited March 31, 2009 (Rupees in '000)	Audited June 30, 2008
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	5	1,055,819	1,086,225
Long term deposits		9,096	9,764
CURRENT ASSETS			
Stores, Spares and loose tools		56,620	47,559
Stock in trade		362,490	319,678
Trade debts		142,214	252,806
Loans and advances		3,071	2,980
Short term deposits & prepayments		5,186	1,929
Other receivables		35,783	38,309
Cash and bank balances		2,591	36,304
		607,955	699,565
TOTAL ASSETS		1,672,870	1,795,554
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised			
50,000,000 (June 2008 : 50,000,000) Ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up Capital		229,770	229,770
Unappropriated Profit / (Loss)		(86,041)	25,820
		143,729	255,590
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		75,336	82,691
NON-CURRENT LIABILITIES			
Long term Finance - Secured		439,242	542,634
Liabilities against assets subject to finance lease		29,722	34,910
Deferred liabilities		93,976	96,812
		562,940	674,356
CURRENT LIABILITIES			
Trade and other payables		366,193	326,776
Accrued mark-up on loans		44,451	25,487
Short term finances		355,867	199,852
Current portion of long term borrowings		99,596	206,044
Taxation		24,758	24,758
		890,865	782,917
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		1,672,870	1,795,554

The annexed notes from an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CONDENSED PROFIT & LOSS
FOR THE NINE MONTHS & THIRD QUARTER**

Note	Total			
	Jul-Mar 09	Jul-Mar 08	Jan-Mar 09	Jan-Mar 08

----- (Rupees in '000) -----

SALES-Net	7	1,089,463	1,052,056	253,805	332,753
Less: Cost of sales	8	(994,785)	(928,117)	(247,214)	(294,081)
Gross Profit		94,678	123,939	6,591	38,672
Operating expenses:					
Administrative		(30,539)	(32,005)	(9,731)	(10,930)
Selling & Distribution		(42,495)	(40,301)	(11,849)	(13,510)
		(73,034)	(72,306)	(21,580)	(24,440)
OPERATING (LOSS)/PROFIT		21,644	51,633	(14,989)	14,232
Financial Cost		(148,621)	(102,064)	(52,213)	(35,853)
Exchange Gain/(loss)		232	(59)	268	(59)
Other income		3,570	15,917	1,427	3,172
		(144,819)	(86,206)	(50,518)	(32,740)
(LOSS) BEFORE TAXATION		(123,175)	(34,573)	(65,507)	(18,508)
Taxation - Current		-	(5,124)	-	(1,525)
- Deferred		-	(290)	-	-
		-	(5,414)	-	(1,525)
(LOSS) AFTER TAXATION		(123,175)	(39,987)	(65,507)	(20,033)
Earning per share - basic and diluted		(5.36)	(1.74)	(2.85)	(0.87)

The annexed notes form an integral part of these condensed interim financial statements

CHIEF EXECUTIVE OFFICER

Manufacturers of Quality PET Bottles and Preforms



ACCOUNT (UN-AUDITED)
ENDED MARCH 31ST, 2009

(Rupees in '000)

Injection				Blowing			
Jul-Mar 09	Jul-Mar 08	Jan-Mar 09	Jan-Mar 08	Jul-Mar 09	Jul-Mar 08	Jan-Mar 09	Jan-Mar 08

----- (Rupees in '000) -----

220,885	224,348	46,392	59,041	868,578	827,708	207,413	273,712
(196,847)	(205,353)	(39,903)	(53,968)	(797,938)	(722,764)	(207,311)	(240,113)
24,038	18,995	6,489	5,073	70,640	104,944	102	33,599
(6,192)	(6,825)	(1,847)	(1,982)	(24,347)	(25,180)	(7,884)	(8,948)
(8,616)	(8,594)	(2,217)	(2,437)	(33,879)	(31,707)	(9,632)	(11,073)
(14,808)	(15,419)	(4,064)	(4,419)	(58,226)	(56,887)	(17,516)	(20,021)
9,230	3,576	2,425	654	12,414	48,057	(17,414)	13,578

DIRECTOR

**CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31ST, 2009**

	March 2009	March 2008
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(123,175)	(34,574)
Adjustment		
Depreciation	61,290	57,207
Loss / (gain) on disposal of property, plant & equipment	(103)	-
Exchange loss	(232)	-
Provision for gratuity	8,175	4,793
Finance cost	148,621	102,063
	<u>217,751</u>	<u>164,063</u>
Cash flow before working capital changes	94,576	129,489
(Increase) / decrease in current assets :		
Store,spares & loose tools	(9,061)	32,459
Stock in trade	(42,812)	(57,605)
Trade debts	110,412	(32,803)
Loans & advances	(91)	26,760
Short term deposits & prepayments	(3,257)	(115)
Other receivables	7,399	(2,097)
Net (increase)/ decrease in current assets	62,590	(33,401)
Increase / (decrease) in current liabilities:		
Trade and other payables	39,417	(125,827)
	<u>39,417</u>	<u>(125,827)</u>
Finance cost paid	(129,425)	(102,583)
Gratuity paid	(7,051)	(3,618)
WPPF paid	-	(500)
Taxes paid	(4,873)	(4,696)
	<u>(141,349)</u>	<u>(111,397)</u>
Net cash (Outflow) / inflow from operating activities	55,234	(141,136)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(32,141)	(185,336)
Capital work-in-progress	1,360	108,952
Deffered Cost	-	(2,825)
Proceeds from disposal of Vehicle	180	-
Long term security deposits	-	(184)
Net cash outflow from investing activities	(30,601)	(79,393)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance obtained	202,050	79,480
Repayment of long term finance	(407,550)	(87,650)
Leases acquired	1,500	2,048
Re payment of finance lease	(10,361)	(14,959)
Net cash outflow from financing activities	(214,361)	(21,081)
Net Increase in cash and cash equivalents	(189,728)	(241,610)
Cash and cash equivalents at the beginning of the period	(163,548)	(203,480)
Cash and cash equivalents at the end of the period	(353,276)	(445,090)

The annexed notes from an integral part of these condensed interim financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

Manufacturers of Quality PET Bottles and Preforms



**CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31ST, 2009**

	Share Capital	Unappropriated Profit	Total
	----- (Rupees in '000) -----		
Balance as at June 30, 2007	229,770	95,392	325,162
Transfer from profit & loss account	-	(84,669)	(84,669)
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	-	15,097	15,097
Balance as at June 30, 2008	229,770	25,820	255,590
Transfer from profit & loss account		(123,175)	(123,175)
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax		11,314	11,314
Balance as at March 31, 2009	229,770	(86,041)	143,729

The annexed notes from an integral part of these condensed interim financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR

**NOTES TO AND FORMING PART OF THE
INTERIM FINANCIAL STATEMENTS
FOR NINE MONTHS ENDED MARCH 31ST, 2009**

1. STATUS AND NATURE OF BUSINESS

The company was incorporated on 25 August 1991 as a private limited company under the Companies Ordinance, 1984. It was converted as a public limited company on April 29, 1992 and subsequently in March 1994 was listed at Karachi Stock Exchange. The principal activity of the company is to manufacture and sale of Poly Ethylene Terephthalat (PET) bottles and preforms for beverage and non-beverage industry. It has two manufacturing facilities located in the province of NWFP at Hattar and in the Federal Capital Territory Islamabad at Kahuta.

2. SEGMENT REPORTING

As the company has moved its plant from Karachi to Hattar during the year ended June 30, 2008, the segment reporting which was previously based on the geographical location, has now been changed and is now based on product. Hence new segment classification is Injection and Blowing instead of Northern and Southern. Comparative information has been restated on product basis.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements are un-audited and have been presented in accordance with the international Accounting Standard -34 Interim Financial Reporting " and are being submitted to the shareholders as required under section 245 of the Companies Ordinance 1984 and the listing regulations of Karachi, Lahore and Islamabad Stock exchanges. These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the financial statements of the company for the year ended June 30, 2008

The accounting policies adopted in the preparation of these condensed interim financial statement are the same as those applied in the preparation of preceding annual financial statements for the year ended June 30, 2008

4. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statement requires management to make judgement, estimates and assumptions of that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

5. PROPERTY, PLANT & EQUIPMENT

	Additions during the nine months period ended March 31, 2009	Audited W.D.V as on June 30, 2008
	(Rupees in '000)	
Land & building	1,609	38,942
Plant & Machinery	27,386	950,169
Furniture & Fixture	921	9,766
Office Equipments & Computers	241	4,769
Vehicles	1,979	17,750
CWIP	-	8,056
	33,701	1,086,225

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Contingencies remain same during the nine months ended March 31, 2009 as disclosed in the audited financial statements for the year ended June 30, 2008.

Commitments

Letters of credit	3,684	53,630
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7. NET SALES

	Jul-Mar 2009	Jul-Mar 2008	Jan-Mar 2009	Jan-Mar 2008
----- (Rupees in '000) -----				
Sales	1,277,505	1,225,357	296,224	386,560
	-	-	-	-
Less : Sales discount	(270)	(585)	(59)	(412)
Sales tax	(172,585)	(157,295)	(38,646)	(49,899)
1 % Special Excise Duty	(10,786)	(10,448)	(2,415)	(3,327)
Sales Commission	(3,688)	-	(960)	-
Sales return	(713)	(4,973)	(339)	(169)
	(188,042)	(173,301)	(42,419)	(53,807)
	1,089,463	1,052,056	253,805	332,753

Jul-Mar	Jul-Mar	Jan-Mar	Jan-Mar
2009	2008	2009	2008

----- (Rupees in '000) -----

8. COST OF SALES

Raw material consumed	758,251	771,247	106,209	298,571
Packing material consumed	43,630	42,346	12,133	13,857
Salaries, wages & other benefits	61,809	55,657	19,497	18,010
Travelling & conveyance	1,056	1,974	340	575
Professional charges	476	319	246	103
Vehicle repair & maintenance	6,857	4,493	2,410	1,278
Rent, rate & taxes	19,618	20,305	7,060	7,365
Repair & maintenance	2,893	3,767	1,057	679
Telephone	828	1,044	275	308
Printing, postage & stationery	1,010	1,141	349	262
Entertainment	1,329	1,287	216	197
Advertisement	10	21	3	20
Insurance	2,000	2,146	664	844
Medical	899	896	297	254
Electricity, gas & water	54,694	62,327	15,601	21,289
Freight, octroi & toll tax	5,273	7,191	1,445	4,453
Depreciation	58,242	54,346	19,896	18,551
Transportation factory workers	3,502	2,695	1,120	914
Consumable store	16,910	17,590	4,569	7,112
Lab tests	459	426	54	94
Courses & seminars fee	403	-	403	-
Miscellaneous	93	80	37	82
	1,040,242	1,051,298	193,881	394,818
Work in process				
Opening	87,180	156,406	221,672	116,311
Closing	(100,879)	(185,947)	(100,879)	(185,948)
	(13,699)	29,541	120,793	(69,637)
COST OF GOODS MANUFACTURED	1,026,543	1,021,757	314,674	325,181
Finished goods				
Opening	145,017	71,643	109,314	134,183
Closing	(176,775)	(165,283)	(176,775)	(165,282)
	(31,758)	(93,640)	(67,461)	(31,099)
COST OF SALES	994,785	928,117	247,213	294,082

9. GENERAL

Figures have been rounded off to the nearest thousand rupees.

10. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on April 30, 2009 by the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER

DIRECTOR